



Dave Yost • Auditor of State



**NEXUS ACADEMY OF CLEVELAND  
CUYAHOGA COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Nexus Academy of Cleveland  
Cuyahoga County  
3615 Superior Avenue, Suite 4402A  
Cleveland, Ohio 44114

To the Board of Directors:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the Nexus Academy of Cleveland, Cuyahoga County, Ohio, (the School), as of and for the year ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the School's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the School's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Nexus Academy of Cleveland, Cuyahoga County, Ohio, as of June 30, 2015 and 2014, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 2 O to the financial statements, during the year ended June 30, 2015, the School adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, and schedules of net pension liabilities, and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2016, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

May 12, 2016

**NEXUS ACADEMY OF CLEVELAND  
CUYAHOGA COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
for the fiscal years ending June 30, 2015 and 2014**

The discussion and analysis of the financial performance of the Nexus Academy of Cleveland, Cuyahoga County, Ohio (the Academy), provides an overview of the Academy's financial activities for the fiscal years ended June 30, 2015 and 2014. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Academy's financial performance.

**Financial Highlights**

- For fiscal years 2015, 2014 and 2013, total assets and deferred outflows of resources were \$576,566, \$283,304 and \$107,036, respectively.
- For fiscal years 2015, 2014 and 2013, total liabilities and deferred inflows of resources were \$1,340,331, \$1,031,127 and \$72,124, respectively.
- For fiscal years 2015, 2014 and 2013, total net position was (\$763,765), (\$747,823), and \$34,912, respectively.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. These statements are organized so the reader can understand the financial position of the Academy. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows and all liabilities and deferred inflows are included on the statement of Net Position. The Statement of Net Position represents the basic Statement of position for the Academy. The Statement of Revenues, Expenses, and Change in Net Position presents increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. The Statement of Cash Flows reflects how the Academy finances and meets its cash flow needs. Finally, the notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided on the basic financial statements.

**REPORTING THE ACADEMY AS A WHOLE**

The view of the Academy as a whole looks at all financial transactions and asks, "How did we do financially during 2015 and 2014?" The Statement of Net Position and the Statement of Revenues, Expenses, and Change in Net Position answer this question. These statements include all assets and deferred outflows and liabilities and deferred inflows using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Academy's net position and change in those assets. This change in net position is important because it tells the reader that, for the Academy as a whole, the

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financial position of the Academy has improved or diminished. The cause of this may be the result of many factors, some financial, some not. Non-financial factors include the current laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

**FINANCIAL ANALYSIS**

The Academy is not required to present government-wide financial statements as the Academy is engaged in only business-type activities. Therefore, no condensed financial information derived from government-wide financial statements is included in the discussion and analysis.

The following tables represent the Academy's condensed financial information derived from the Statement of Net Position and the Statement of Revenues, Expenses, and Change in Net Position.

Table 1 provides a summary of the Academy's net position for fiscal years 2015, 2014 and 2013.

**Table 1  
Net Position**

	<b>2015</b>	<b>Restated 2014</b>	<b>2013</b>
<b>Assets</b>			
Current assets	\$ 290,770	\$ 219,644	\$ 94,203
Non-current assets	7,233	10,033	12,833
Total assets	298,003	229,677	107,036
<b>Deferred Outflows of Resources</b>	278,563	53,627	-
<b>Liabilities</b>			
Current liabilities	287,381	219,104	72,124
Long Term Liabilities	889,721	812,023	-
Total Liabilities	1,177,102	1,031,127	72,124
<b>Deferred Inflows of Resources</b>	163,229	-	-
<b>Net Position</b>			
Net Investment in capital assets	7,233	10,033	12,833
Unrestricted	(770,998)	(757,856)	22,079
<b>Total Net Position</b>	\$ (763,765)	\$ (747,823)	\$ 34,912

**NEXUS ACADEMY OF CLEVELAND  
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During 2015, the Academy adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Academy's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the Academy's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Academy is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

**NEXUS ACADEMY OF CLEVELAND  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the Academy's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the School is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from \$10,573 to (\$747,823). Prior to the restating of net position at June 30, 2014, net position decreased from June 30, 2013 by (\$24,339) due to an increase in Purchased Services. After the implementation of GASB 68, the change in net position from June 30, 2013 to June 30, 2014 decreased by (\$782,735). Table 2 shows the change in net position for fiscal years 2015, 2014 and 2013.

**NEXUS ACADEMY OF CLEVELAND  
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Table 2 shows the changes in Net Position for fiscal years 2015, 2014, and 2013:

**Table 2  
Change in Net Position**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b><u>Operating Revenues:</u></b>			
Foundation Payments - Regular	\$ 1,240,844	\$ 1,183,271	\$ 287,310
Foundation Payments - Special Education	190,144	120,037	17,633
Total Operating Revenues	<u>1,430,988</u>	<u>1,303,308</u>	<u>304,943</u>
<b><u>Operating Expenses:</u></b>			
Purchased Services	2,507,006	2,323,786	1,157,714
Pension Expense	90,705	-	-
Depreciation Expense	2,800	2,800	1,167
Total Operating Expenses	<u>2,600,511</u>	<u>2,326,586</u>	<u>1,158,881</u>
<i>Operating Loss</i>	(1,169,523)	(1,023,278)	(853,938)
<b><u>Non-Operating Revenues:</u></b>			
Federal Grants	187,014	93,884	7,151
Management Company Credits	957,000	895,631	881,699
Other Revenue	9,467	9,336	-
Interest Earnings	100	88	-
Total Non-Operating Revenues	<u>1,153,581</u>	<u>998,939</u>	<u>888,850</u>
<i>Decrease in Net Position</i>	(15,942)	(24,339)	34,912
<i>Net Position Beginning of Year- Restated, See Note 2.0</i>	<u>(747,823)</u>	N/A	-
<i>Net Position End of Year</i>	<u>\$ (763,765)</u>	<u>\$ (747,823)</u>	<u>\$ 34,912</u>

Net Position decreased by \$15,942 in 2015 and by \$24,339 in 2014. For fiscal years 2015 and 2014, operating revenues increased \$127,680 or 10 percent and \$998,365 or 327 percent, respectively, due to an increase in Foundation payments caused by increased enrollment and increased Special Education funding. Additionally, the Academy operates as a one business-type enterprise fund; therefore, analysis of balances and transactions of individual funds are not included in the discussion and analysis. Results of fiscal years 2015 and 2014 operations indicate ending net position of \$(763,765) and \$(747,823), respectively.

**NEXUS ACADEMY OF CLEVELAND  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
for the fiscal years ending June 30, 2015 and 2014**

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 operating expenses still include pension expense of \$53,627 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense.

Under GASB 68, the 2015 statements report pension expense of \$90,705. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 operating expenses under GASB 68	\$ 2,600,511
Pension expense under GASB 68	(90,705)
2015 contractually required contribution	74,714
Adjusted 2015 operating expenses	2,584,520
Total 2014 operating expenses under GASB 27	2,326,586
Increase in operating expenses not related to pension	\$ 257,934

The Academy operates as a one business-type enterprise fund; therefore, analysis of balances and transactions of individual funds are not included in the discussion and analysis. Results of fiscal years 2015, 2014 and 2013 operations indicate ending net position of (\$763,765), (\$747,823) and \$34,912, respectively.

**BUDGET**

The contract between the Academy and its Sponsor prescribes an annual budget requirement in addition to preparing a 5-year forecast, which is to be updated on an annual basis. Chapter 5705.39 of the Ohio Revised Code also requires the Academy to prepare a 5-year forecast, update it annually and submit it to the Superintendent of Public Instruction at the Ohio Department of Education.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

The Academy used Grant funds to purchase computers. This represents the only capital assets owned by the Academy. Capital asset information is summarized in Note 4 to the basic financial statements. The Academy has no long-term debt outstanding. The Academy has other long-term obligations related to pension obligations. See Note 5 to the basic financial statements for more detail on the Academy's long-term obligations.

**NEXUS ACADEMY OF CLEVELAND  
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**OTHER INFORMATION**

Management is currently unaware of any known facts, decisions, or conditions that are expected to have a significant effect on financial position or results of operations.

**CONTACTING THE ACADEMY'S FINANCIAL MANAGEMENT**

The financial report is designated to provide our citizens, taxpayers, investors, and creditors with a general overview of the Academy's finances and to demonstrate accountability for the money it receives. If you have any questions about this report or need additional information contact C. David Massa, CPA, of Massa Financial Solutions, LLC, 3615 Superior Avenue, Suite 4402A, Cleveland, Ohio 44114 or email at [dave@massasolutionsllc.com](mailto:dave@massasolutionsllc.com).

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**NEXUS ACADEMY OF CLEVELAND  
CUYAHOGA COUNTY  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2015 AND 2014**

<b><u>Assets:</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 123,313	\$ 75,905
Federal Grants Receivable	103,241	93,884
Prepays	13,549	13,548
Other Receivable	50,667	36,307
Total Current Assets	<u>290,770</u>	<u>219,644</u>
<b>Non-Current Assets</b>		
Fixed Assets (Net of Accumulated Depreciation)	<u>7,233</u>	<u>10,033</u>
<b>Total Assets</b>	<u>298,003</u>	<u>229,677</u>
<b>Deferred Outflows of Resources</b>	<u>278,563</u>	<u>53,627</u>
<b><u>Liabilities:</u></b>		
<b>Current Liabilities:</b>		
Contracts Payable	188,501	152,147
Accrued Expenses	98,880	66,957
Total Current Liabilities	<u>287,381</u>	<u>219,104</u>
<b>Long Term Liabilities:</b>		
Net Pension Liability	<u>889,721</u>	<u>812,023</u>
<b>Total Liabilities</b>	<u>1,177,102</u>	<u>1,031,127</u>
<b>Deferred Inflows of Resources</b>	<u>163,229</u>	<u>-</u>
<b><u>Net Position:</u></b>		
Net Investment in Capital Assets	7,233	10,033
Unrestricted	(770,998)	(757,856)
Total Net Position	<u>\$ (763,765)</u>	<u>\$ (747,823)</u>

See the Accompanying Notes to the Basic Financial Statements.

**NEXUS ACADEMY OF CLEVELAND  
CUYAHOGA COUNTY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION  
FOR THE YEARS ENDED JUNE 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b><u>Operating Revenues:</u></b>		
Foundation Payments - Regular	\$ 1,240,844	\$ 1,183,271
Foundation Payments - Special Education	<u>190,144</u>	<u>120,037</u>
Total Operating Revenues	<u>1,430,988</u>	<u>1,303,308</u>
<b><u>Operating Expenses:</u></b>		
Purchased Services	2,507,006	2,323,786
Pension Expense	90,705	-
Depreciation Expense	<u>2,800</u>	<u>2,800</u>
Total Operating Expenses	<u>2,600,511</u>	<u>2,326,586</u>
<i>Operating Loss</i>	(1,169,523)	(1,023,278)
<b><u>Non-Operating Revenues:</u></b>		
Federal Grants	187,014	93,884
Management Company Credits	957,000	895,631
Other Revenue	9,467	9,336
Interest Earnings	<u>100</u>	<u>88</u>
Total Non-Operating Revenues	<u>1,153,581</u>	<u>998,939</u>
<i>Decrease in Net Position</i>	(15,942)	(24,339)
<i>Net Position Beginning of Year- Restated, See Note 2.0</i>	<u>(747,823)</u>	N/A
<i>Net Position End of Year</i>	<u>\$ (763,765)</u>	<u>\$ (747,823)</u>

**NEXUS ACADEMY OF CLEVELAND  
CUYAHOGA COUNTY  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b><u>Cash Flows from Operating Activities:</u></b>		
Cash Received for School Foundation Payments	\$ 1,430,988	\$ 1,303,308
Cash Payments to Suppliers for Goods and Services	<u>(2,527,804)</u>	<u>(2,189,861)</u>
<i>Net Cash Provided Used for Operating Activities</i>	(1,096,816)	(886,553)
<b><u>Cash Flows from Noncapital Financing Activities:</u></b>		
Federal Grants	177,657	7,150
Interest	100	88
Management Company Credits	957,000	895,631
Other Revenue	<u>9,467</u>	<u>9,336</u>
<i>Net Cash Provided by Noncapital Financing Activities</i>	1,134,757	912,205
Net Increase in Cash and Cash Equivalents	47,408	25,652
Cash and Cash Equivalents at Beginning of Year	75,905	50,253
Cash and Cash Equivalents at End of Year	<u>\$ 123,313</u>	<u>\$ 75,905</u>
<b><u>Reconciliation of Operating Income to Net Cash Used for Operating Activities:</u></b>		
Operating Loss	(1,169,523)	(1,023,278)
Depreciation	2,800	2,800
<b><u>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:</u></b>		
Changes in Assets, Liabilities and Deferred Outflows and Inflows of Resources :		
Increase in Other Receivables	(14,360)	(12,926)
Increase in Prepaid Items	(1)	(129)
Increase in Deferred Outflows of Resources	(224,936)	-
Increase in Contracts Payable	36,354	101,818
Increase in Accounts Payable	31,923	45,162
Increase in Deferred Inflows of Resources	163,229	-
Increase in Net Pension Liability	77,698	-
Total Adjustments	<u>69,907</u>	<u>133,925</u>
<i>Net Cash Provided Used by Operating Activities</i>	<u>\$ (1,096,816)</u>	<u>\$ (886,553)</u>

See the Accompanying Notes to the Basic Financial Statements.

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**NEXUS ACADEMY OF CLEVELAND  
CUYAHOGA COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
for the fiscal years ending June 30, 2015 and 2014**

**NOTE 1 – DESCRIPTION OF THE ACADEMY AND REPORTING ENTITY**

Nexus Academy of Cleveland (the Academy) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The Academy's mission is to provide top-quality personalized education for students and their families through internet or computer-based learning outside of the traditional classroom. The Academy will maintain a commitment to excellence in curriculum, instruction, accountability and communication for internet- or computer-based schools and will ensure that its programs follow the principles of parental involvement, individualized instruction and high-quality teaching.

The Academy was approved for operation under a contract with The Ohio Council of Community Schools, the Sponsor. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration.

The Academy operates under the direction of a five-member Board of Directors (the Board). The Board of Directors may not be fewer than five members.

Additionally, the Academy entered into a five-year contract on June 30, 2012, with Connections Academy of Ohio, LLC (“CA”) for curriculum, school management services, instruction, technology and other services, with an expiration date of June 30, 2017. (See Note 10).

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Academy have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Academy’s accounting policies are described below.

**NEXUS ACADEMY OF CLEVELAND  
CUYAHOGA COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
for the fiscal years ending June 30, 2015 and 2014**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Basis of Presentation**

**Enterprise Accounting**

The Academy's basic financial statements consist of a Statement of Net Position; a Statement of Revenues, Expenses, and Change in Net Position; and a Statement of Cash Flows.

The Academy uses enterprise accounting to track and report on its financial activities. The Academy uses enterprise accounting to maintain its financial records during the fiscal year. Enterprise accounting focuses on the determination of operating income, change in net position, financial position, and cash flows. Enterprise accounting may be used to account for any activity for which a fee is charged to external users for goods or services.

**B. Measurement Focus and Basis of Accounting**

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows and all liabilities and deferred inflows are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Change in Net Position presents increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. The Statement of Cash Flows reflects how the Academy finances and meets its cash flow needs.

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Academy's financial statements are prepared using the accrual basis of accounting. Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded when the exchange takes place. Revenues resulting from non-exchange transactions, in which the Academy receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Academy must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis. Expenses are recognized at the time they are incurred.

**C. Budgetary Process**

Pursuant to Ohio Revised Code Chapter 5705.391, the Academy prepares and adopts an annual budget which includes estimated revenues and expenditures for the fiscal year and a five year forecast of revenues and expenditures. The Academy will from time to time adopt budget revisions as necessary.

**NEXUS ACADEMY OF CLEVELAND  
CUYAHOGA COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
for the fiscal years ending June 30, 2015 and 2014**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Cash and Cash Equivalents**

Cash held by the Academy is reflected as “Cash and Cash Equivalents” on the statement of net position. Unless otherwise noted, all monies received by the Academy are pooled and deposited in a central bank account as demand deposits. Investments with an initial maturity of more than 3 months are reported as investments. During the fiscal years ended June 30, 2015 and 2014, the Academy had no investments.

**E. Intergovernmental Revenues**

The Academy currently participates in the State Foundation Program and the State Special Education Program. Foundation and Special Education payments are recognized as operating revenues in the accompanying financial statements. Other grants awarded and received in fiscal years 2015 and 2014, totaled \$9,467 and \$9,336, respectively. Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. When both restricted and unrestricted resources are available for use, it is the Academy’s policy to use restricted resources first, then unrestricted resources as they are needed.

**F. Contribution Revenue**

Contribution revenue consists primarily of contributed products and services from Connections Academy of Ohio, LLC (“CA”) as described in the contract between the Academy and CA (See Note 10).

**G. Capital Assets**

Capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. The Academy maintains a capitalization threshold of \$1,000 dollars. The Academy does not have any infrastructure. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized.

All capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Furniture and Fixtures	7 years
Leasehold Improvements	7 years
Equipment	5 years
Computers	3 years

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Net Position**

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Academy did not have any restricted net position in fiscal years 2015 and 2014.

**I. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the Academy. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Academy. All revenues and expenses not meeting this definition are reported as non-operating.

**J. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**K. Accrued Liabilities**

Obligations incurred but unpaid at June 30 are reported as accrued liabilities in the accompanying financial statements. The liabilities consisted of contracts payable and accrued expenses, total \$287,381 and \$219,104 at June 30, 2015 and 2014, respectively.

**L. Exchange and Non- Exchange Transactions**

Revenue resulting from exchange transactions, in which each part gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Non exchange transactions, in which the Academy receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify they year in which the resources are required to be used for the fiscal year when use is first permitted, matching requirements, in which the Academy must provide local resources to be used for a specified purpose, and expenditures requirements, in which the resources are provided to the Academy on a reimbursement basis.

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**M. Deferred Inflows and Deferred Outflows of Resources**

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources (expense/expenditure) until then. For the Academy, deferred outflows of resources are reported on the statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 15.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. These amounts are deferred and recognized as an inflow of resources in the period the amounts have become available. Deferred inflows of resources related to pension are presorted on the statement of net position in Note 15.

**N. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

**O. Change in Accounting Principle and Restatement of Net Position**

For fiscal year 2015, the Academy implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.” GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported June 30, 2014:

Net Position June 30, 2014	\$	10,573
Adjustments:		
Net Pension Liability		(812,023)
Deferred Outflow - Payment Subsequent to Measurement Date		53,627
Restated Net Position June 30, 2014	\$	(747,823)

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Other than employer contributions subsequent to the measurement date, the Academy made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

**NOTE 3 – DEPOSITS**

**Deposits with Financial Institutions**

The following information classifies deposits by category of risk as defined in GASB Statement No. 3 “Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements,” as amended by GASB Statement No. 40, “Deposit Investment Risk Disclosures.”

The Academy maintains its cash balances at one financial institution, PNC Bank, located in Ohio. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000, per qualifying account. At June 30, 2015, the carrying amount of the Academy’s deposits was \$123,313 and the bank balance was \$126,034. At June 30, 2014, the carrying amount of the Academy’s deposits was \$75,905 and the bank balance was \$78,896.

The Academy had no deposit policy for custodial risk beyond the requirement of state statute. Ohio law requires that deposits either be insured or be protected by eligible securities pledged to and deposited either with the Academy or a qualified trustee by the financial institution as security for repayment or by a collateral pool of eligible securities deposited with a qualified trustee to secure repayment of all public monies deposited in the financial institution whose market value shall be at least 105% of deposits being secured. At June 30, 2015 and 2014, none of the bank balance was exposed to custodial risk.

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**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	<u>Balance 6/30/2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/2015</u>
<b>Capital assets being depreciated:</b>				
Furniture, fixtures, and equipment	\$ 14,000	\$ -	\$ -	\$ 14,000
<b>Less accumulated depreciation:</b>				
Furniture, fixtures, and equipment	<u>(3,967)</u>	<u>(2,800)</u>	<u>-</u>	<u>(6,767)</u>
<b>Capital assets, net of accumulated depreciation</b>	<u>\$ 10,033</u>	<u>\$ (2,800)</u>	<u>\$ -</u>	<u>\$ 7,233</u>

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	<u>Balance 6/30/2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/2014</u>
<b>Capital assets being depreciated:</b>				
Furniture, fixtures, and equipment	\$ 14,000	\$ -	\$ -	\$ 14,000
<b>Less accumulated depreciation:</b>				
Furniture, fixtures, and equipment	<u>(1,167)</u>	<u>(2,800)</u>	<u>-</u>	<u>(3,967)</u>
<b>Capital assets, net of accumulated depreciation</b>	<u>\$ 12,833</u>	<u>\$ (2,800)</u>	<u>\$ -</u>	<u>\$ 10,033</u>

**NOTE 5 – LONG-TERM OBLIGATIONS**

The changes in the Academy's long-term obligations during fiscal year 2015 were as follows:

	<u>Principal Outstanding 6/30/2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Principal Outstanding 6/30/2015</u>
Net Pension Liability:				
STRS	\$ 677,164	\$ 152,079	\$ -	\$ 829,243
SERS	<u>134,859</u>	<u>-</u>	<u>(74,381)</u>	<u>\$ 60,478</u>
Total Net Pension Liability	\$ 812,023	\$ 152,079	\$ (74,381)	\$ 889,721
<b>Total Long-Term Obligations</b>	<u>\$ 812,023</u>	<u>\$ 152,079</u>	<u>\$ (74,381)</u>	<u>\$ 889,721</u>

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**NOTE 6 - OPERATING LEASES**

The Academy rents facilities through lease agreement executed between their landlords and CA. The terms of these leases are due to expire September 30, 2017.

Future minimum lease payments for the operating leases are as follows:

<b>Years Ending June 30,</b>	<b>Total</b>
2016	\$ 151,077
2017	152,595
2018	38,244
<b>Total</b>	<b>\$ 341,916</b>

**NOTE 7 - RECEIVABLES**

Receivables consisted the following as of June 30, 2015 and 2014:

	<b>2015</b>	<b>2014</b>
Federal Program Grant - Title I Improving Basic Program	\$ 84,404	\$ 78,349
Federal Program Grant - Title II A	1,215	355
Federal Program Grant - IDEA	17,622	15,180
State grants	4,541	4,307
Due from CA	43,000	32,000
State Employees' Retirement	3,087	-
Sponsor	39	-
	<b>\$ 153,908</b>	<b>\$ 130,191</b>

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**NOTE 8 – RISK MANAGEMENT**

**Liability**

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries and natural disasters. For fiscal years 2015 and 2014, the Academy contracted with CA to provide insurance in the following amounts through being included as an additional insured on their policy with Hanover Insurance Company for the following coverage:

Commercial general liability: \$2,000,000 general aggregate with a \$1,000,000 single occurrence limit along with \$10,000,000 in excess liability coverage for both aggregate and single occurrence.

There were no settlements in excess of insurance coverage over the past two fiscal years.

**NOTE 9 – FISCAL AGENT AND PAYMENTS TO SPONSOR**

The sponsorship agreement with Ohio Council of Community Schools requires that the Academy shall have a designated fiscal officer who shall meet all the requirements as set forth by law including:

- A. Maintain the financial records of the Academy in the same manner as are financial records of school districts, pursuant to rules of the Auditor of State;
- B. Comply with the policies and procedures regarding internal financial control of the Academy;
- C. Comply with the requirements and procedures for financial audits by the Auditor of the State.

The Academy shall pay to the Sponsor 3 percent of all base per pupil cost payments received from the state in consideration for the time, organization, oversight, fees and costs of the Sponsor in overseeing the Academy. The Academy's Fiscal Agent during the audit period was Massa Financial Solutions LLC. The total sponsorship fees paid totaled \$42,428 and \$38,639 for the fiscal year ending June 30, 2015 and 2014, respectively.

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**NOTE 10 – MANAGEMENT CONSULTING CONTRACT/PURCHASED SERVICES**

The Academy entered into a five-year contract on June 30, 2012 with Connections Academy of Ohio, LLC (“CA”). In the agreement, which expires on June 30, 2017, CA agrees to provide curriculum, instruction, technology and other school management services. Under the contract, the following terms were agreed upon:

CA will provide direct materials/services or procurement and payment services for the following:

1. Instructional materials as approved by the Board and the Sponsor.
2. Various educational protocols and assessments.
3. Administrative personnel, including health and other benefits, as approved by the Board and the Sponsor where required.
4. Teaching staff, including health and other benefits, as approved by the Board.
5. Educational support services for participating families.
6. Training and other professional development as approved by the Board.
7. Hardware and software as approved by the Board.
8. Technical support for any hardware and software provided under the contract.
9. Maintenance of student records.
10. Services to special needs students as required by law.
11. Administrative services including expenditures for a facility and capital, both of which require Board approval.
12. Financial, treasury and other reporting as required by law.
13. Student recruiting and community education.
14. General school management

For the services listed above, the Academy is required to reimburse certain actual expenses, pay a fee based on enrollment statistics and pay a school management fee to CA. The total expense on an accrual basis under this contract for fiscal years 2015 and 2014 totaled \$2,413,962 and \$2,135,799, respectively. Of this amount, \$188,501 and \$152,147 represents a contract payable at June 30, 2015 and 2014, respectively.

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**NOTE 10 – MANAGEMENT CONSULTING CONTRACT/PURCHASED SERVICES  
(CONTINUED)**

For the periods ended June 30, 2015 and 2014, CA, incurred the following expenses on behalf of the Academy:

<b>Direct Expenses</b>	<u><b>2015</b></u>	<u><b>2014</b></u>
100 Salaries & wages	\$ 643,661	\$ 512,121
200 Employees' benefits	105,204	74,173
410 Professional & technical services	119,359	40,055
420 Property services	196,092	196,637
430 Travel	8,532	24,330
440 Communications	33,364	22,517
450 Utilities	20,115	21,008
460 Contracted craft or trade services	6,146	7,562
490 Other purchased services	69,929	71,595
510 Other supplies	21,541	15,199
Other direct costs - Allocated	131,408	92,940
<b>Indirect Expenses:</b>		
Overhead	<u>682,709</u>	<u>612,092</u>
<b>Total expenses</b>	<u><u>\$ 2,038,060</u></u>	<u><u>\$ 1,690,229</u></u>

The Management Company incurs a variety of costs including general and administrative costs, marketing costs, software development costs, curriculum development costs, enrollment and placement costs, fulfillment and asset tracking costs, legal costs, and other costs associated with providing services to more than one school. These costs are not charged directly to the schools but are allocated internally by the Management Company pro rata based on the number of total students that have enrolled in each school.

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**NOTE 11 – CONTINGENCIES**

**A. Grants**

The Academy received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Academy. However, in the opinion of management, the Academy has complied with all grant requirements.

**B. State Funding Adjustment**

The School Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, the community schools must comply with the minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the Academy, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the Academy; therefore, the financial statements impact is not determinable at this time. ODE and management believe this will result in either a receivable to or a liability of the Academy.

**C. Litigation**

The Academy is not involved in any litigation.

**NOTE 12 – TAX EXEMPT STATUS**

The Academy is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. Management is not aware of any course of action or series of events that have occurred that might adversely affect the Academy's nonprofit status. The Academy was approved on June 30, 2014 for tax exempt status under 501(c)3 of the Internal Revenue Code. The approval had a retroactive date of February 23, 2012.

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**NOTE 13 – MANAGEMENT PLAN**

The Academy had an operating loss of \$1,169,523 and \$1,023,278 and a net position deficit of \$763,765 and \$747,823 at the end of fiscal years June 30, 2015 and 2014, respectively. The Academy is projecting a negative net position balance for the fiscal year ending June 30, 2016, due to the recording of the net position liability under GASB 68.

Connections Academy provided \$957,000 and \$895,000 worth of credits to the Academy for services provided during fiscal years 2015 and 2014, respectively.

**NOTE 14 – MANAGEMENT COMPANY**

The Academy has contracted with CA to provide employee services and to pay those employees. However, these contract services do not relieve the Academy of the obligation for remitting pension contributions. The retirement systems consider the Academy as the Employer-of-Record and the Academy ultimately is responsible for remitting retirement contributions to the State Teachers Retirement System and the School Employees Retirement System.

**NOTE 15 - DEFINED BENEFIT PENSION PLANS**

**A. Net Pension Liability**

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the Academy’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the Academy’s obligation for this liability to annually required payments. The Academy cannot control benefit terms or the manner in which pensions are financed; however, the Academy does receive the benefit of employees’ services in exchange for compensation including pension.

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**NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

**B. Plan Description - School Employees Retirement System (SERS)**

**Plan Description** – Academy non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

\* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

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**NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**B. Plan Description - School Employees Retirement System (SERS) (Continued)**

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

**Funding Policy** – Plan members are required to contribute 10 percent of their annual covered salary and the Academy is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The Academy's contractually required contribution to SERS was \$3,770 and \$1,644 for fiscal years ended June 30, 2015 and 2014, respectively, which equaled the required contributions each year

**C. Plan Description - State Teachers Retirement System (STRS)**

Plan Description – Academy licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year

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**NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**C. Plan Description – State Teachers Retirement System (STRS) (Continued)**

by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered

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**NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**C. Plan Description – State Teachers Retirement System (STRS) (Continued)**

salary. The Academy was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The Academy’s contractually required contribution to STRS was \$70,944 and \$53,206 for fiscal years ended June 30, 2015 and 2014, respectively; of which 100 percent has been contributed for each year.

**D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Academy's proportion of the net pension liability was based on the Academy's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of Net Pension Liability	\$ 60,478	\$ 829,243	\$ 889,721
Proportion of the Net Pension Liability	0.00119500%	0.00340923%	
Pension Expense	\$ (9,198)	\$ 99,903	\$ 90,705

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**NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

At June 30, 2015, the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	515	7,983	\$ 8,498
Difference between Academy contributions and proportionate share of contributions	(51,021)	246,372	195,351
Academy contributions subsequent to the measurement date	3,770	70,944	74,714
Total Deferred Outflows of Resources	<u>\$ (46,736)</u>	<u>\$ 325,299</u>	<u>\$ 278,563</u>
<b>Deferred Inflow of Resources</b>			
Net Difference between projected and actual earnings on pension plan investments	\$ 9,816	\$ 153,413	\$ 163,229
Total Deferred Inflows of Resources	<u>\$ 9,816</u>	<u>\$ 153,413</u>	<u>\$ 163,229</u>

\$74,714 reported as deferred outflows of resources related to pension resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2016	\$ (15,080)	\$ 25,235	\$ 10,155
2017	(15,080)	25,235	10,155
2018	(15,081)	25,236	10,155
2019	<u>(15,081)</u>	<u>25,236</u>	<u>10,155</u>
Total	<u>\$ (60,322)</u>	<u>\$ 100,942</u>	<u>\$ 40,620</u>

**NEXUS ACADEMY OF CLEVELAND  
CUYAHOGA COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
for the fiscal years ending June 30, 2015 and 2014**

**NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**E. Actuarial Assumptions - SERS**

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment*

**NEXUS ACADEMY OF CLEVELAND  
CUYAHOGA COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
for the fiscal years ending June 30, 2015 and 2014**

**NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**E. Actuarial Assumptions – SERS (Continued)**

*Policy.* A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
 Total	 <u>100.00 %</u>	

***Discount Rate*** The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

***Sensitivity of the Academy's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

**NEXUS ACADEMY OF CLEVELAND  
CUYAHOGA COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
for the fiscal years ending June 30, 2015 and 2014**

**NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**E. Actuarial Assumptions – SERS (Continued)**

	1% Decrease <u>(6.75%)</u>	Current Discount Rate <u>(7.75%)</u>	1% Increase <u>(8.75%)</u>
Academy's proportionate share of the net pension liability	\$ 86,285	\$ 60,478	\$ 38,773

**F. Actuarial Assumptions - STRS**

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

**NEXUS ACADEMY OF CLEVELAND  
CUYAHOGA COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
for the fiscal years ending June 30, 2015 and 2014**

**NOTE 15 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	30.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	<u>1.00</u>	3.00
Total	<u>100.00 %</u>	

**Discount Rate** The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

**Sensitivity of the Academy's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the Academy's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the Academy's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Academy's proportionate share of the net pension liability	\$ 1,187,152	\$ 829,243	\$ 526,573

**NEXUS ACADEMY OF CLEVELAND  
CUYAHOGA COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
for the fiscal years ending June 30, 2015 and 2014**

**NOTE 16 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Health Care Plan Description - The Academy contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015 and 2014 respectively, 0.82 and 0.14 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal years 2015 and 2014 respectively, the amount was \$20,450 and \$20,250. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

The Academy's contributions for health care (including surcharge) for the fiscal years ended June 30, 2015, 2014, and 2013 were \$40, \$49, and \$36 respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

**NEXUS ACADEMY OF CLEVELAND  
CUYAHOGA COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
for the fiscal years ending June 30, 2015 and 2014**

**NOTE 16 - POSTEMPLOYMENT BENEFITS (CONTINUED)**

**B. School Teachers Retirement System**

Plan Description – The Academy participates in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians’ fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. For fiscal year 2014, 1 percent was allocated for post-employment health care. The Academy’s contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$3,800, and \$2,265 respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

**NEXUS ACADEMY OF CLEVELAND  
CUYAHOGA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO  
LAST TWO FISCAL YEARS (1)**

	<u>2014</u>	<u>2013</u>
Academy's Proportion of the Net Pension Liability	0.11950000%	0.11950000%
Academy's Proportionate Share of the Net Pension Liability	\$60,478	\$134,859
Academy's Covered-Employee Payroll	\$35,072	\$22,536
Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	172.44%	598.42%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.70%	65.52%

(1) Information Prior to 2013 is not available

Amounts Presented as of the Academy's measurement date  
which is the prior fiscal year end.

**NEXUS ACADEMY OF CLEVELAND  
CUYAHOGA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE ACADEMY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO  
LAST TWO FISCAL YEARS (1)**

	<b>2014</b>	<b>2013</b>
Academy's Proportion of the Net Pension Liability	0.34192300%	0.34092300%
Academy's Proportionate Share of the Net Pension Liability	\$829,243	\$677,164
Academy's Covered-Employee Payroll	\$375,123	\$243,969
Academy's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	221.06%	277.56%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	69.30%

(1) Information Prior to 2013 is not available

Amounts Presented as of the Academy's measurement date  
which is the prior fiscal year end.

**NEXUS ACADEMY OF CLEVELAND  
CUYAHOGA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE ACADEMY'S CONTRIBUTIONS  
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO  
LAST THREE FISCAL YEARS (1)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 3,770	\$ 4,861	\$ 3,119
Contribution in Relation to the Contractually Required Contribution	\$ (3,770)	\$ (4,861)	\$ (3,119)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Academy's Covered-Employee Payroll	\$ 28,603	\$ 35,072	\$ 22,536
Contributions as a Percentage of	13.18%	13.86%	13.84%

(1) Information prior to 2013 is not available

**NEXUS ACADEMY OF CLEVELAND  
CUYAHOGA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE ACADEMY'S CONTRIBUTIONS  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO  
LAST THREE FISCAL YEARS (1)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 70,944	\$ 48,766	\$ 31,716
Contribution in Relation to the Contractually Required Contribution	\$ (70,944)	\$ (48,766)	\$ (31,716)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Academy's Covered-Employee Payroll	\$ 506,743	\$ 375,123	\$ 243,969
Contributions as a Percentage of	14.00%	13.00%	13.00%

(1) Information prior to 2013 is not available

**NEXUS ACADEMY OF CLEVELAND  
CUYAHOGA COUNTY**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR FISCAL YEAR ENDED JUNE 30, 2015**

*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

*Changes in benefit terms:* There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

*Changes in assumptions:* There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financials for the methods and assumptions in this calculation.

*STATE TEACHERS RETIRMENT SYSTEM (STRS) OF OHIO*

*Changes in benefit terms:* There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

*Changes in assumptions:* There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financials for the methods and assumptions in this calculation.

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Nexus Academy of Cleveland  
Cuyahoga County  
3615 Superior Avenue, Suite 4402A  
Cleveland, Ohio 44114

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Nexus Academy of Cleveland, Cuyahoga County, (the School) as of and for the year ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated May 12, 2016, wherein we noted the School adopted Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* - an amendment of GASB Statement No. 27 and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the School's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the School's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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[www.ohioauditor.gov](http://www.ohioauditor.gov)

***Compliance and Other Matters***

As part of reasonably assuring whether the School's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

May 12, 2016



# Dave Yost • Auditor of State

**NEXUS ACADEMY OF CLEVELAND**

**CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 14, 2016**